

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Conlin Strawberry Water Company, Inc., a California corporation (U-177-W), for Authority to Sell and Del Oro Water Co., Inc. (U-61-W), for Authority to Buy the Conlin Strawberry Water Company Water System in Tuolumne County.

Application 05-12-001  
(Filed December 2, 2005)

Investigation on the Commission's Own Motion into the Operations and Practices of the Conlin-Strawberry Water Co. Inc. (U-177-W), and its Owner/Operator, Danny T. Conlin; Notice of Opportunity for Hearing; and Order to Show Cause Why the Commission Should Not Petition the Superior Court for a Receiver to Assume Possession and Operation of the Conlin-Strawberry Water Co. Inc. pursuant to the California Public Utilities Code Section 855.

Investigation 03-10-038  
(Filed October 16, 2003)

**STIPULATION OF THE PARTIES  
REGARDING CHANGE IN OPERATOR OF  
CONLIN STRAWBERRY WATER COMPANY**

The parties enter into this Stipulation pursuant to the February 2, 2006 ruling of ALJ Thorson in these matters.

It is stipulated as follows:

1. The Division of Ratepayer Advocates stipulates to DOWC's becoming the CSWC water system operator as stated below.

2. No later than March 1, 2006, DOWC shall undertake the operation and maintenance of the CSWC system pending the proposed sale of CSWC to DOWC.

Except as modified by this Stipulation, the terms of DOWC's undertaking shall be in accordance with the Operations and Maintenance Agreement (O&M Agreement) entered

into between CSWC and DOWC on December 15, 2005. A copy of the O&M Agreement is attached hereto as Exhibit 1.

3. Paragraph 3 of the O&M Agreement (Paragraph 3) is modified to add the following: DOWC shall have sole signature authority on all operating and revenue accounts, including the Reserve Account and the Segregated Account referred to in Paragraph 3. Surcharges collected from the ratepayers for the purpose of paying off the SWDBL loan shall be separately recorded and maintained in an account dedicated to that purpose prior to depositing the surcharges with the SDWBL fiscal agent.

4. Paragraph 4 of the O&M Agreement is modified to add the following: Copies of the significant communications referred to in this Paragraph 4 shall also be furnished to the President of the Strawberry Property Owners Association (SPOA) or his designee.

5. Paragraph 9.12 of the O&M Agreement is modified to add the following: The monthly written report referred to in this Paragraph 9.12 shall also be mailed to the President of SPOA or his designee.

6. The following provision is added to the O&M Agreement: DOWC shall obtain and keep in force adequate property, flood, fire, and general liability insurance throughout its tenure as operator of CSWC.

7. The following provision is added to the O&M Agreement: If CSWC ratepayer revenues do not provide sufficient cash flow to cover current necessary and proper operating and maintenance expenses, DOWC shall promptly apply to the Commission for a surcharge by way of an advice letter filing.

8. The following provision is added to the O&M Agreement: DOWC shall maintain records and accounts relating to its operation and maintenance of CSWC separate and apart from those of other public utilities and businesses owned, operated, or controlled by DOWC. DOWC shall not commingle any ratepayer revenues or other funds coming into its possession from the operation and maintenance of CSWC with revenues and funds of any other public utilities and businesses owned, operated, or controlled by DOWC.

9. The following provision is added to the O&M Agreement: A management representative of DOWC shall meet periodically and at mutually convenient times with representatives of SPOA for the purpose of reporting on and consulting about matters of mutual interest. Either DOWC or SPOA may initiate requests for such meetings.

10. The following provision is added to the O&M Agreement: As soon as practical after the Commission's approval of this Stipulation, DOWC shall notify in writing via first-class mail all CSWC ratepayers/customers that DOWC has assumed operation and management of CSWC. Such notice will also provide DOWC's name, business address in Chico, California, and the name and telephone number of the DOWC employee that any ratepayer/customer may contact for service or further information. The notice will further direct ratepayers/customers to mail or deliver all checks (or other instruments of payment) to DOWC's mailing address in Chico and not otherwise to CSWC or Danny Conlin in Strawberry. Danny Conlin shall be immediately lodge with the Post Office in Strawberry an order that all mail received and addressed to CSWC shall be automatically forwarded at DOWC's Chico address as specified in the notice. Further, Danny Conlin shall immediately forward to DOWC at its Chico address all such remittances that have heretofore and shall hereafter come into his possession.

11. The following provision is added to the O&M Agreement: CSWC authorizes DOWC to, and DOWC shall, comply promptly and continuously with all reasonable requests, duties and obligations imposed upon it as operator of CSWC by cognizant State and Federal regulatory agencies, such as, by way of example and not by way of limitation, the requirements stated by the California Department of Health Services in Exhibit 2 hereto.

12. The following provision is added to the O&M Agreement: During the period between the time DOWC becomes the water system operator and the expiration of the O&M Agreement by consummation of the pending sale or otherwise, and to effectuate the orders contained in Commission Decision (D.) 96-09-43, DOWC shall be

the exclusive manager of CSWC without interference or participation by Danny Conlin. Subject to CSWC's right to terminate the O&M Agreement on 90-days notice, DOWC shall exercise such management prerogatives as DOWC determines to be necessary and reasonable in its exclusive discretion.

13. Nothing in this Stipulation shall be construed as a waiver by SPOA or DRA of their rights to object to any settlement proposal that may be presented to the Commission regarding the ultimate sale of CSWC to DOWC or any of the terms thereof.

14. The signatories hereto warrant that they are authorized to sign and bind their principals to the terms of this Stipulation.

Date: \_\_\_\_\_

Respectfully submitted,

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Cleveland W. Lee  
Attorney for the Division of Ratepayer Advocates

\_\_\_\_\_  
Thomas J. MacBride Jr.  
Attorney for the Conlin Strawberry Water Co.  
And Danny Conlin

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Robert Fortino, President  
Del Oro Water Co.

\_\_\_\_\_  
Michael Jackson, President  
Strawberry Property Owners' Association

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of **STIPULATION OF THE PARTIES REGARDING CHANGE IN OPERATOR OF CONLIN STRAWBERRY WATER COMPANY** in **A.05-12-001/I.03-10-038** by using the following service:

[ X ] **E-Mail Service:** sending the entire document as an attachment to an e-mail message to all known parties of record to this proceeding who provided electronic mail addresses.

[ ] **U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on February 17, 2006 at San Francisco, California.

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Albert Hill

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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